



American Gilsonite Company

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DOGM
MINERALS PROGRAM
FILE COPY

March 20, 1992

Mr. Lowell Braxton
Associate Director
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: M/047/010, Bonanza Operations
American Gilsonite Company
Uintah County, Utah

Dear Mr. Braxton:

Reference is made to the recent meeting between you and our attorney, Oliver Gushee, discussing the bonding requirements of the American Gilsonite Company ("AGC") Bonanza Operations.

Wayne Hedberg's letter of February 10, 1992, to Terry Tilley, Plant Superintendent, AGC, advised that the bonding requirement will escalate to \$532,000.00 (1997 dollars) and requested that:

1. new surety be posted in that amount not later than April 15, 1992; and
2. the original MR-1 form for the operation contains conflicting information regarding disturbed acreage which should be reformatted under the new DOGM Large Mining Notice of Intent Form (Form LMO-NOI) not later than August 1, 1992.

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DIVISION OF
OIL GAS & MINING

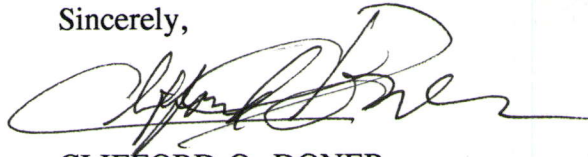
Mr. Lowell Braxton

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In accordance with your suggestion, in view of the fact that the Bonanza operations currently are fully bonded (in fact, over-bonded) and uncertainty as to the disturbed acreage represented by the second request above, we propose to delay the furnishing of increased/alternate bonding until after the completion of the disturbed acreage study and filing of the new completed Notice form as requested by the division.

Please advise if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Clifford O. Doner", written over a horizontal line.

CLIFFORD O. DONER
Chief Financial Officer

COD:jd

cc: Terry Tilley
Oliver Gushee